

Fuji Heavy Industries Restructures Business Models Leveraging Alliance with Toyota and Daihatsu

-- FHI to build a new vehicle-assembly plant in Gunma and reorganize sales network in Japan--

Tokyo, April 10, 2008 - Fuji Heavy Industries Ltd. (FHI), the maker of Subaru automobiles, today announced the establishment of new business models. Under the new business collaborations with Toyota Motor Corporation (TMC) and Daihatsu Motor Co., Ltd. (Daihatsu), which were announced today, FHI will build a new auto-assembly plant in Oizumi-machi, Gunma prefecture, restructure its vehicle manufacturing operations, and reorganize the Subaru sales network for Japanese market.

FHI announced it will jointly develop a compact rear-wheel-drive sports car in collaboration with TMC. The new vehicle is to be manufactured all at FHI's brand new plant which will be built in the vicinity of Gunma Oizumi Plant where Subaru engines and transmissions are currently produced. The new plant is planned for operation in late 2011. The details such as investment amount, production capacity and models other than the jointly developed sports car are to be determined including further discussions with TMC.

The staff in Gunma Main Plant (Ota-City, Gunma prefecture) will be transferred sequentially to the new plant in line with the start of production of other future models. The manufacturing function of Gunma Main Plant will be consolidated into the new plant in future in accordance with timing of OEM supply of minivehicles to FHI by Daihatsu.

With these restructuring plans, FHI will focus development and production resources on the Subaru core technologies as well as its own products to reinforce the pursuit of "providing a distinctive Subaru experience for drivers and passenger" which is the priority subject in its current mid-term management plan.

FHI will further strengthen the customer first principle which is the criterion of its mid-term management plan. It will also reexamine the Subaru sales structure for Japanese market in order to establish immediately a new sales framework to meet a new product portfolio of Subaru leveraging the alliance.

Specifically, vehicle sales subsidiaries of FHI will be reorganized by establishing the holding companies in several districts starting with Kinki and Kyusyu districts in Japan from October this year. 46 Subaru dealerships in total, including 12 independent ones, will be consolidated into half this number during fiscal 2010 (will be ending March 2010), and the Subaru dealer development will be reviewed as well.

Under this scheme, FHI will improve the efficiency in the management and administration of dealerships adopting widely-consolidated sales network, and realize the regionalized sales activities based on the customer's perspective. This is accordingly aimed to improve the quality of management of each dealership, and ensure the appropriate number of sales network considering the future market demand in Japan and strengthen sales forces at the dealership.

FHI will focus management resources, such as engineering manpower and production capacity, more effectively on the research & development of future environmental technologies as well as profitable and Subaru's unique core technologies with the strengthened alliance with TMC including capital relationship and the restructuring plan leveraging the alliance. Furthermore, FHI will enhance Subaru brand by improving customer satisfaction, and expedite realization of "an appealing company with a strong market presence" according to its management vision.

About Fuji Heavy Industries Ltd.

Fuji Heavy Industries Ltd. (FHI), the maker of Subaru automobiles, is a leading manufacturer in Japan with a long history of technological innovations that dates back to its origin as an aircraft company. While the automotive business is a main business pillar, FHI's Aerospace, Industrial Products and Eco Technologies divisions offer a diverse range of products from general-purpose engines, power generators, and sanitation trucks to small airplanes, crucial components for passenger aircrafts, and wind-powered electricity generating systems. Recognized internationally for its AWD (all-wheel drive) technology and Horizontally-Opposed engines in Subaru, FHI is also spearheading the development of environmentally friendly products and is committed to contributing to global environmental preservation.

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